Company Registration No. 2899

YORKSHIRE POST NEWSPAPERS LIMITED

Report and Financial Statements

31 December 2005

YORKSHIRE POST NEWSPAPERS LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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YORKSHIRE POST NEWSPAPERS LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T J Bowdler
S R Paterson
P R Cooper
C G Green

SECRETARY

P R Cooper

REGISTERED OFFICE

PO Box 168
Wellington Street
Leeds
West Yorkshire
LS1 1RF

BANKERS

Lloyds TSB Bank Plc
City Office
72 Lombard Street
London
EC3P 3BT

SOLICITORS

Addleshaw Booth & Co
Sovereign House
South Parade
Leeds
LS1 2RP

Hammond Suddards
2 Park Lane
Leeds
LS3 1ES

INDEPENDENT AUDITORS

Deloitte & Touche LLP
Edinburgh

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

ACTIVITIES AND REVIEW OF DEVELOPMENTS

The company trades as an agent for Johnston Publishing Limited, publishing and distributing newspapers in Leeds, including the Yorkshire Post and the Yorkshire Evening Post.

The results for the year are set out in the profit and loss account on page 6.

DIVIDENDS

During the year dividends were paid amounting to £nil (2004 - £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and to the date of this report are shown on page 1.

None of the directors held any beneficial interest in the share capital of the company at any time during the current or preceding year.

The interests of those directors who are also directors of the ultimate parent company, Johnston Press plc, in the shares of the ultimate parent company are shown in that company's financial statements.

The remaining directors' interests in the shares of the ultimate parent company are as follows:

	Ordinary Shares of 10p each					
	2005 Shares Number	2005 Options Number	2005 Matching Award Number	2004 Shares Number	2004 Options Number	2004 Matching Award Number
P R Cooper	8,534	57,569	2,837	5,034	56,608	2,837
C G Green	12,082	54,432	19,147	5,719	72,222	8,978

The above options are exercisable as follows:

	Number	Option Price	Date Exercisable From	Expiry date
P R Cooper	22,838	347.00p	21 March 2006	20 March 2013
	18,135	539.00p	26 April 2007	25 April 2014
	16,596	470.00p	30 June 2008	29 June 2015
C G Green	18,040	347.00p	21 March 2006	20 March 2013
	16,412	539.00p	26 April 2007	25 April 2014
	19,980	510.50p	27 April 2008	28 April 2015

The matching awards above that were granted within the Share Matching Plan are exercisable for a nominal total payment of £1 as shown below. The matching factor ranges from 0.5 times to a maximum of 1.5 times the number of shares awarded in line with performance criteria.

The above Matching Award shares are exercisable as follows:

2,837 between 30.05.06 and 29.05.13
8,978 between 22.03.07 and 21.03.14
10,169 between 21.03.08 and 20.03.15

Since 31 December 2005, Mr Green has purchased 134 shares through the Share Incentive Plan. Both of the directors have also been awarded 36 shares through the Share Incentive Plan free share scheme. Mr Green had a Save as You Earn account which has matured; he sold 5,400 shares and has increased his share holding by 6,242 shares. Mr Cooper has exercised 22,838 share options, selling 19,250 of the resultant shares and has therefore increased his shareholding by 3,588.

DIRECTORS' REPORT (CONTINUED)

EMPLOYEE INVOLVEMENT

It is the policy of the company to encourage and develop all members of staff to realise their maximum potential. Wherever possible, vacancies are filled from within the company and adequate opportunities for internal promotion are created. The company is committed to a systematic training policy.

The company supports the principle of equal opportunities in employment and opposes all forms of unlawful or unfair discrimination on the grounds of race, nationality, ethnic or national origin, sexual orientation, gender or gender reassignment, marital status or disability.

It is also the policy of the company, where possible, to give sympathetic consideration to disabled persons in their application for employment within the company, and to protect the interests of existing members of the staff who are disabled.

The company is committed to a comprehensive training and development programme creating the opportunity for employees to maintain and improve their performance and to develop their potential to a maximum level of attainment. In this way, staff will make their best possible contribution to the organisation's success.

AUDITORS

Deloitte & Touche LLP have indicated their willingness to continue in office and a resolution to reappoint Deloitte & Touche LLP as the auditors of the company will be proposed at the next Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board

P R Cooper

Secretary

21 June 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view in accordance with UK GAAP of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to:

(a) select suitable accounting policies and then apply them consistently;

(b) make judgements and estimates that are reasonable and prudent;

(c) state whether applicable accounting standards have been followed; and

(d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YORKSHIRE POST NEWSPAPERS LIMITED

We have audited the financial statements of Yorkshire Post Newspapers Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 7. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its result for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Edinburgh,

30 June 2006

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Turnover	1	20,787	20,768
Administrative expenses		(20,787)	(20,768)
Retained profit for the year	2	-	-
Retained profit brought forward		87,417	87,417
Retained profit carried forward		87,417	87,417

All of the trading during the current and preceding years related to continuing operations.

There have been no recognised gains or losses attributable to the shareholders other than the loss for the current and preceding financial years and accordingly, no statement of total recognised gains and losses is shown.

BALANCE SHEET
31 December 2005

	Note	2005 £'000	2004 £'000
CURRENT ASSETS			
Debtors	4	88,532	88,532
NET ASSETS		88,532	88,532
CAPITAL AND RESERVES			
Called-up share capital	5	690	690
Share premium account		425	425
Profit and loss account		87,417	87,417
TOTAL SHAREHOLDERS' FUNDS		88,532	88,532

These financial statements were approved by the Board of Directors on 21 June 2006.

Signed on behalf of the Board of Directors

S R Paterson

Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, with the exception of the policy for pension costs (see below) and the adoption of FRS25, 'Financial Instruments: disclosure and presentation', is set out below.

(a) Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Johnston Press plc group.

(b) Turnover and revenue recognition

Turnover represents charges to Johnston Publishing Limited in respect of the company's services as an agent and is net of value added tax.

(c) Pension costs

During the year, the company has adopted FRS17, 'Retirement benefits'. The adoption of this standard has had no impact on the accounting treatment or disclosure of pension costs.

The company participates in the Johnston Press Pension Plan (JPPP), a multi-employer scheme with defined benefit and defined contribution sections.

The company is unable to identify its share of the underlying assets and liabilities of the scheme and therefore accounts for the scheme as if it were a defined contribution scheme.

The cost of contributions is charged to the profit and loss account when incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

(d) Adoption of FRS25

The directors have adopted FRS25 in the year but no impact on the financial statements has been identified as the preference shares qualify as equity.

2. RETAINED PROFIT FOR THE YEAR

Retained profit for the year is stated after charging:

	2005 £'000	2004 £'000
Staff costs (note 3)	20,787	20,768

All fees payable to the company's auditors were incurred by a fellow subsidiary in 2005 and 2004, consequently no fees are disclosed.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

3. EMPLOYEES AND DIRECTORS

a) Employee information

The average monthly number of people (including executive directors) employed by the company during the year was:

	2005 Number	2004 Number
By activity:		
Production	243	285
Selling and distribution	337	361
Administration	262	285
	842	931

Employment costs for the above people were:

	2005 £'000	2004 £'000
Wages and salaries	17,771	17,836
Social security costs	1,666	1,666
Pension costs	1,350	1,266
	20,787	20,768

b) Pensions

The company participates in the Johnston Press Pension Plan (JPPP). This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

Contributions to the scheme for the period were £1,350,000 (2004 - £1,266,000). It was decided that, from April 2005, the contributions to the JPPP would be maintained at a fixed sum. With the declining membership this will assist in managing the deficit over a number of years.

An updated valuation of the scheme at 31 December 2005 indicated that the scheme was 85% funded under FRS 17.

c) Directors' emoluments

	2005 £'000	2004 £'000
Emoluments	139	177
Pension contributions	26	21
	165	198

For directors who received remuneration from the company:

- Retirement benefits are accruing to one director (2004: one) under a defined benefit pension scheme.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

3. EMPLOYEES AND DIRECTORS (CONTINUED)

c) Directors' emoluments (continued)

The interests of the directors who are directors of the ultimate parent company, Johnston Press plc, in the shares of the ultimate parent company are disclosed in that company's financial statements.

For the remaining directors:

- Two directors (2004: one) exercised share options in the year.
- Two directors (2004: two) received share options under the group share schemes.

4. DEBTORS

	2005 £'000	2004 £'000
Due within one year:		
Amounts owed by group undertakings	88,532	88,532
	88,532	88,532

5. CALLED-UP SHARE CAPITAL

	2005 £'000	2004 £'000
Authorised:		
60,000 5.25% cumulative preference shares of £1 each	60	60
690,000 ordinary shares of £1 each	690	690
	750	750
Allotted, called-up and fully paid:		
60,000 5.25% cumulative preference shares of £1 each	60	60
630,000 ordinary shares of £1 each	630	630
	690	690

The holder of the 5.25% cumulative preference shares has agreed to waive the payment of a dividend for the foreseeable future.

6. FINANCIAL COMMITMENTS

The company is registered for VAT purposes in a group of undertakings, which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group, and failure by other members of the group to meet their VAT liabilities would give rise to additional liabilities for the company. The directors are of the opinion that no liability is likely to arise from the failure of these companies.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

7. ULTIMATE PARENT COMPANY

The company's immediate parent company is Johnston Publishing Limited, a company registered in England and Wales.

The company's ultimate parent company is Johnston Press plc, a company registered in Scotland.

The only group in which the results of the company are consolidated is that headed by Johnston Press plc. The financial statements of Johnston Press plc are available to the public and may be obtained from Johnston Press plc, 53 Manor Place, Edinburgh, EH3 7EG.